

ATTACHMENT 3.1

CERTIFIED SMALL/MICRO BUSINESS, NON-SMALL BUSINESS INSTRUCTIONS

The Office of Small Business and DVBE Certification (OSDC) offer program information and may be reached at:

Department of General Services
Office of Small Business and DVBE Certification
707 3rd Street, 1st Floor, Room 400
West Sacramento, CA 95605
Email: OSDSHelp@dgs.ca.gov
Homepage: <http://www.pd.dgs.ca.gov/smbus>
Receptionist: (916) 375-4940
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Certified Small/Micro Business and Non-Small Business Information

In order to receive Small/Micro Business or Non-Small Business Preference, Bidders must either be certified by the State Department of General Services, Office of Small Business and DVBE Certification (OSDC) as a small/micro business, or non-small business.

Eligibility Requirements

In order for a small business to be eligible for certification, the small business must meet the following requirements:

- The Business is independently owned and operated;
- Not dominant in field of operation;
- Principal office located in California;
- Owners (officers, if a corporation) domiciled in California; and,
- Including affiliates, be either,
 - A business with 100 or fewer employees; and average annual gross receipts of \$14 million or less, over the last three tax years;
 - A manufacturer* with 100 or fewer employees; or,

Microbusiness means a small business certified by OSCD in which:

- The Business is independently owned and operated;
- Not dominant in field of operation;
- Principal office located in California;
- Gross annual receipts are less than \$3,500,000; or the small business is a manufacturer with 25 or fewer employees.

Small / Micro Business Certification Benefits

Upon meeting the Small Business Certification eligibility requirements, certified small business (SBs) and microbusinesses (MBs) are entitled to the following benefits:

- A five percent (5%) bid preference on applicable State solicitations;
- As a certified small business/microbusiness, you are eligible for the State's Small Business Participation Program. This program sets a goal for the use of small businesses in at least 25% of the State's overall annual contract dollars;
- Under the Prompt Payment Act, the State must pay a certified SB / MB higher interest penalties for late payment of an undisputed invoice. Prompt payment penalties for construction firms are addressed separately under Public Contract Code, Section 10261.5);

C. Commercially Useful Function for Small Business

In accordance with GC section 14837 and M&VC section 999, all SB and DVBE contractors, subcontractors and suppliers that bid on or participate in a state contract, regardless of whether it is a verbal or written solicitation and/or paid for using the CAL-Card as a payment method, must perform a commercially useful function (CUF). In addition, the requirement to determine CUF is not affected by the applicability of the 5 percent SB and/or the DVBE participation preference program. There is no exception to this requirement. Consequently, certified SB, MB and DVBE businesses must perform a CUF. Buyers must determine that a CUF will be performed prior to contract award.

Click here to access the [DVBE and SB Program Violations and Sanctions web page](#).

D. Eligibility

A business must be formally certified by OSDC to be considered for the small business or microbusiness preference.

E. Non-Small Business Preference Program

The preference to a non-small business bidder that commits to small business or microbusiness subcontractor participation of twenty-five percent (25%) of its net bid price shall be five percent (5%) of the highest responsive, responsible bidder's total score. A non-small business which qualifies for this preference may not take an award away from a certified small business. See Government Code section 14838 (b)(1)(2).